

A photograph of an older man with grey hair and glasses, wearing a light blue button-down shirt and denim overalls. He is standing in a vast field of golden wheat under a clear blue sky. He is looking down at a small amount of grain he is holding in his open palms. The lighting suggests it's either early morning or late afternoon, with a warm glow on the wheat.

Edition Three

Corporate Responsibility Magazine
Allianz SE

with *Knowledge*
you can
make a difference



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Did you know?

Our average lifespan has increased by

19
years

from 46 to 65* in the second half of the 20th century

*HelpAge International

Worldwide, 40% of people live on less than US\$2 a day¹. And over

3
billion

people lack any type of formal social security protection²

Per passenger, a flight from Stuttgart to Munich results in more than

115
kg

of CO₂ emissions while taking the train emits around 12kg

You can read more facts throughout this magazine.



This century, global temperatures could rise by as much as

6.4°C

unless we cut greenhouse gas emissions*

*IPCC Report 2007

Pedestrians are

8
times

more likely to be killed by cars traveling at 30mph than at 20mph*

*WHO, 2004

¹Source: UN's *Human Development Report 2007/2008*.

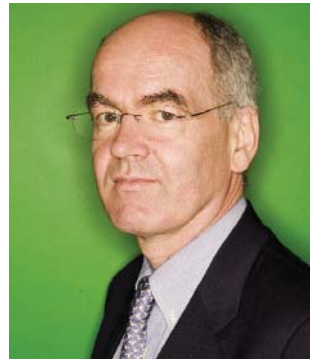
²Source: UN Commission for Social Development, 2007.

Introduction

with Michael Diekmann and John Elkington



Michael Diekmann,
CEO, Allianz SE



John Elkington, Co-founder
and Director, SustainAbility;
Founding Partner, Volans Ventures

Q John Elkington (JE): Michael, issues like climate change, demographic trends, health and education all came high up on the list of priority expectations for Allianz when you recently polled 125 politicians, economists, journalists and non-governmental organisations¹. But ensuring the “stability of capital markets” was also right up there. Some people would like to see businesses like yours spending less time on long-term issues like climate change – and more on simply making financial markets work better. Do you see these as diverging calls on Allianz’s time and other resources – or converging?

A Michael Diekmann (MD): There’s no contradiction between the issues you mentioned and the stability of capital markets. As far as we’re concerned, they belong together. We want to provide innovative, reliable product solutions that support our clients in meeting the challenges of demographic change and climate change. The capital markets offer us new ways of transferring risk for that purpose – as in the example of our disaster bonds for flood risks in the UK.

“We want to provide innovative, reliable product solutions that support our clients in meeting the challenges of demographic change and climate change.”

Michael Diekmann

¹ See page 28, Stakeholder expectations, for the results of this survey.



“Why did you personally begin to engage with the corporate responsibility and sustainability agendas? Because they are written into your job description as a CEO – or for some other reason?”

John Elkington

Q JE: Why did you personally begin to engage with the corporate responsibility and sustainability agendas? Because they are written into your job description as a CEO – or for some other reason?

A MD: Corporate responsibility is part of the job description of anybody who works at Allianz. That’s what’s exciting about our business – it’s directly connected with issues that involve us all. We’ll continue to be successful if we’re able to offer our clients product solutions for demographic change and climate change, for dealing safely with new technologies and for economic development in those parts of the world that are still impoverished. So business and corporate responsibility go hand in hand at Allianz. And that’s not just a source of motivation for me alone – our new Allianz4Good platform will also offer our employees ways of participating in projects for climate protection or developmental aid.

Q JE: How would you explain all this to a hard-nosed shareholder?

A MD: As a financial service provider, we belong to an industry that offers interesting opportunities for growth because of rising prosperity in many regions, and because of increasing global challenges. Those who understand clients’ needs, and can develop reliable solutions to meet those needs, will be able to make the most of those opportunities. As the leading insurer in the Dow Jones Sustainability Index, it looks as if we are on the right track.

Q JE: And to a skeptical employee – or to someone who is thinking of joining Allianz and has other options to pick from?

A MD: Which company offers more chances to do something really important? We have the most exciting issues, together with our partners we have the know-how to find innovative solutions, and we have a corporate culture in which people can really develop.

Q JE: To what extent is all this a matter of “business as usual plus a percentage point or two of change” – and to what extent do you think companies like Allianz must now think in terms of fundamental transformations?

A MD: The change to our customer-oriented business model is a fundamental one. Some of the issues we’re addressing now are new, too. What’s well established is our attitude about developing solutions for our clients. We have experience in constantly meeting new challenges – whether it’s the Wright Brothers’ first flight, or the dawn of the automotive age, or the threat of terrorism to air travel. We’ve always found solutions for our clients, and we’ll continue to find them.

“Corporate responsibility is part of the job description of anybody who works at Allianz. That’s what’s exciting about our business – it’s directly connected with issues that involve us all.”

Michael Diekmann



Q JE: Are there proven recipes for success in this area?

A MD: The latest example is Allianz Climate Solutions. Only four years ago, that was a subject we still left entirely to reinsurers. But then we realized that we’re the important link to the client. And within a year, an interdisciplinary team identified over 80 business opportunities. On that basis, we founded Allianz Climate Solutions in September of last year, and now we have over a dozen highly qualified employees there developing new products for climate protection.

Q JE: With rapidly growing interest in the work of social entrepreneurs like Muhammad Yunus of the Grameen Bank, who recently won a Nobel Peace Prize, is there a role for Allianz in helping such people? Equally, do you see a role for social entrepreneurs in big companies, people who step out of the normal corporate citizenship frame of reference and work to achieve change at the level of a company’s business models and markets?

A MD: Allianz needs and encourages employees who view themselves as social entrepreneurs. Colleagues like those in the Allianz Climate Solutions team help us understand social challenges properly and approach them in our business. And with the support of local managers, microinsurance can be just as great a success story. Here too, we started work only three years ago. And thanks to good partners like the UN Development Program, the

GTZ, CARE, and PlaNet Finance, we’re already in the markets in Indonesia, India and Egypt, and we’ll soon be in other African countries as well. With support from the Allianz4Good program, we’re trying out new business models there – we’re helping people and markets develop with micro-life, property and health insurance policies, and one day we’ll be profiting from those developed markets and our positive brand awareness.

Q JE: Is there anything about this agenda that keeps you awake at night? Or that really excites you?

A MD: I’m concerned about the dilemma of whether we’re moving fast enough on the one hand, or whether the change might not be too much for us on the other. But when I look back I’m amazed, and proud of Allianz too, at how much we’ve already been able to jump-start in the past few years. Allianz is on the right track toward becoming a responsible, sustainable partner for its clients in more and more regions of the world, including in regard to the new global issues. That allows me to sleep well at night and get out of bed with a ‘go get ‘em’ attitude in the morning.”

John Elkington

Michael Diekmann



André Laboul, Head of Financial Affairs Division, OECD

1. Demographic change

Expectation: "Together with partners, Allianz should address demographic change by developing innovative retirement products and continuing to support international policy action. The transfer of financial pension risks (including investment and longevity) to households calls for the development of adequate products and for a strengthening of public-private partnership in promoting financial education. The OECD welcomes the contributions of visionary private partners, like Allianz, ready to work with us to the benefits of the whole society and their customers."

Did you know?

Our average lifespan has increased by **19 years** from 46 to 65* in the second half of the 20th century

* HelpAge International

The world's less developed countries are growing by **80 million** people a year – that's 50 times more than developed countries*

* Population Reference Bureau¹

By 2020 more than one billion people will be over 60. That's almost **twice as much** as today*

* United Nations²

By 2030, it's estimated there will be a shortage of **20 million** people of working age in Europe*

* European Commission 2006

The demographic divide

In the world's developed countries, there is an issue both with longevity and a decreasing birth rate. It means that fewer people are of working age, which is not good for economic growth or social balance.

However, developing countries such as India are seeing an increase in the proportion of their population that's of working age (15-65) because of a steady growth in the birth rate over the last few decades. And that's favorable for economic growth – as long as all the newcomers can find jobs.

Age groups by population in 2006 (%)*



Find out more at:

http://knowledge.allianz.com/nopi_downloads/downloads/demography_global_trend_4.pdf

* Graphic: Allianz SE






Gerhard Rupprecht, Member of the Board of Management, Allianz SE

Response: “Good solutions derive from watching the local markets. ‘Riester Rente’, for example, a government sponsored pension scheme introduced 2001 in Germany, is successfully offered by Allianz. It could be a model for other countries to close the rising gap between the compulsory pension and a comfortable retirement. On the other hand, Germany has profited this year from our experience in other markets: we launched Variable Annuities, an innovative unit-linked product with far-reaching guarantees. With the pan-European pension product ‘European CompPension’ we enable our corporate customers to standardize their company pension schemes across national borders. And with our support of educational programs in schools we help people to better understand financial issues.”

What are the solutions?

- 1 **Labor:** With such a sharp decline in the “traditional” working population, society needs to make greater use of the potential of groups that are often marginalized from the workplace, such as the elderly, women and immigrants. In the US, for example, older people are the fastest-growing age group of American workers and senior men made up 17.7% of the workforce; this is projected to rise to 20.8% by 2012. In the UK, 93% of over 60s would like to work – more than any other age group.
- 2 **Family and job:** Parents could be encouraged back to work with more family-friendly assistance such as improved child care, flexible working hours and more organized home care. This trend is underway as it is estimated that in 2008, 41 million people worldwide will spend at least one day a week working from home.
- 3 **Social security:** Aging populations put a huge strain on social security systems. To help alleviate this, people can take out private health insurance and the average retirement age should be extended. In France, 84% of the population has private health insurance.
- 4 **The elderly:** The number of over 60s worldwide is set to rise from 670 million to 2.3 billion by 2050. We need to develop products to increase the ability of seniors to live independently, such as aids designed to help frail fingers and tired eyes.
- 5 **Learning:** In the UK, Age Concern reports a 26% fall in the number of over 60s in education. Old age was once revered, bringing wisdom, experience and knowledge. Now, with an aging population, it’s time to embrace this maturity through lifelong learning opportunities and a new emphasis on financial literacy for seniors.
- 6 **Community:** The idea of elderly people being looked after by their family is changing. In the UK, 2.5 million people over 50 have little social or family contact*. Society is starting to change and interest groups for elderly people are becoming more common, giving members a sense of purpose and identity.

Find out more at:

 http://knowledge.allianz.com/en/globalissues/demographic_change

* Statistics from UK Social Exclusion Unit – www.neighbourhood.gov.uk

¹ 2007 World Population Data sheet.

² United Nations, *World Population Prospects: The 2004 Revision, Highlights*.



A moment with: Eric Do Couto

Tele-Assistance Operator, Mondial Assistance France

My moment was... when I decided that helping people is the greatest reward. We live in a society where there are a lot of elderly people who struggle to take care of themselves. It is gratifying to feel that at GTS, I can help elderly people as well as their families. **Employees can watch this moment at:** <http://moments.allianz.com/en/stories/story.html?story=734=en>



Demographic change

Allianz activities



Allianz is playing a key role in addressing demographic change by raising awareness of the issue, as well as launching new products designed for an aging population, and introducing forward-looking working practices to help the modern family.

 **Read more at:** www.allianz.com/en/allianz_group/sustainability/challenges/changing_demographics/index.html

Case study



The true value of Tele-Assistance

Mrs F, an elderly woman in Toulon, France, recently used her remote alarm device to send an alert that she was unwell. The Mondial operator co-ordinated her medical treatment and as her family doctor was unable to attend for 1.5 hours, called her neighbor who found her nearly unconscious. Emergency services arrived and took her to the hospital with serious respiratory problems. Mrs F's daughter was then informed that she was safe in hospital.

We have addressed demographic change by:

1 Developing products

Demand for products and services tailored to the needs of senior citizens will significantly change the face of business. Allianz is committed to helping our clients meet this challenge. Some of our products include:

Assistance

Mondial Assistance

With the breakdown of traditional family structures, organized work-day support is becoming more important both for the elderly and parents with young children who need to return to work.


Tele-Assistance (Mondial France)

A simple monitoring device, often worn round the neck, means users can call for assistance at the press of a button. It's a service that allows patients to convalesce at home and avoid the upset of long-term hospitalization.

Schutzbrief 55+ (Germany)

This product allows elderly people to retain their independence after an accident or illness. It provides all-round care, with trained carers helping out with everyday tasks, from filling in forms to cooking meals and personal care.

Find out more about our products and services at:

 www.allianz.com/en/allianz_group/sustainability/implementation/products_services/index.html



The world's population will have grown to more than

9 billion
people by 2050

2 Taking part in projects

We are addressing demographic change, for example, through:


Generation House (Stuttgart, Germany)

This project brings different generations together in one house to share experiences and offer support to one another. The house has a kindergarten, a residence for seniors and a coffee bar open to the neighborhood. Here, Allianz employees facilitate beginners' computer courses.

Barrier-Free Living (Germany)

Most elderly people want to remain independent for as long as possible. To ensure this, Allianz is working with architects and urban planners to find solutions to adapting properties now, for use by an aging population.

You can read more about these projects and other initiatives at:

 http://knowledge.allianz.com/en/globalissues/demographic_change/aging_societies/barrier_free_housing.html

3 Undertaking studies

We have undertaken various studies to evaluate the trends and determine the risks and opportunities that changing demographics present to our customers. They include:

Life Aims I and II

Surveys among citizens in Germany, France, Italy and Spain showed that the majority of them prioritize financial security, yet few are satisfied with their financial planning.

The Allianz Women and Power Study

By 2010, American women will control more wealth than men, yet most women feel insecure about their financial future.

Demography: A Global Trend

The populations of developed nations are aging while the majority of developing nations' populations will soon be of "working age," which could lead to a major shift in the global demand and supply of goods.

You can read the studies at:

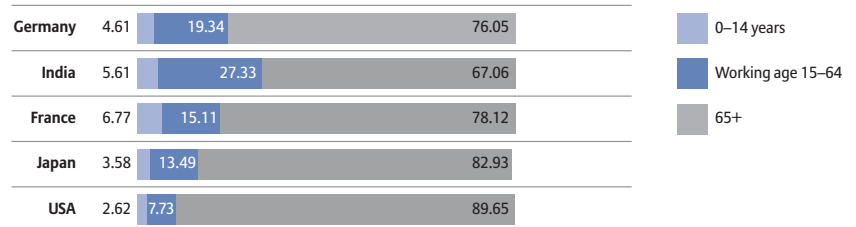
 <http://knowledge.allianz.com/en/studies/demographic>



What can I do?

In 2007, there were 464 million people over the age of 65; by 2050, that figure is expected to reach over a billion. The effect of this growing demographic group's healthcare costs is staggering at more than 3:1 for working age in developed nations.

Healthcare costs relative to age groups in 2007 (%)




Source: Allianz SE

What can I do? Here are some simple ideas

For myself

- **Plan for retirement** – start thinking early about your financial provisions for your retirement. 
 - **Find out how your money is invested.** Is it being used to support organizations that share the same values as you? You can now put your money in ethical bonds, property and hedge funds and even spread betting.
- Find out more at:**
-  www.eiris.org
 - **Continue learning and training** – why not ask your employer what opportunities there are?
 - **Stay fit and healthy** – eat sensibly, exercise regularly and get annual medical check-ups.

For my family

- **Source child care** – find out what child care facilities your employer or community provides.
- **Is teleworking an option?** It could mean spending more time with your family. 
- **Help create a more child-friendly society** – try joining campaigns to improve local facilities such as children's playgrounds and parks.

Right: Elderly women exercise during a health promotion event in Tokyo to mark Japan's "Respect for the Aged Day."

For others

- **Get to know elderly people near you** – do they need any chores doing? Or perhaps they'd just welcome a 10-minute chat every now and then.
- **Give your phone number out to five people in your street** – who knows when they could need your help, or you could need theirs.
- **Involve the elderly** – in community activities such as school fêtes, street parties and resident groups. Find out what they're interested in, use their knowledge and make them feel needed. It's a simple but effective way of raising the quality of their life.

 Find out more at: http://knowledge.allianz.com/en/take_action

In most industrialized nations, taxpaying workers to nonworking pensioners is about 4:1. In 50 years this ratio will drop to less than

2:1
or even lower



Picture: Reuters



James P. Leape, Director General,
WWF International

2. Climate change

Expectation: "To ensure that climate risk is valued properly when investment decisions are being made, Allianz needs to develop new risk assessment tools for its asset management, insurance and bank business. Then it will become a leader in investing in clean energy production. These steps will strengthen Allianz's prudent fiduciary responsibility while creating a new vision for the financial services industry."

Did you know?

This century, global temperatures could rise by as much as

6.4°C

unless we cut greenhouse gas emissions*

*IPCC Report 2007

If policies remain unchanged, world energy demand is projected to increase by over

50%

between now and 2030*

* World Energy Outlook 2005

Climate change could shrink the global economy by

20%*

but if we take action now, it will only cost 1% of global gross domestic product

* Stern Review 2007

Starting at the farm and ending on your plate, a steak dinner produces around

40 times

more CO₂ than a vegetable dish*

* Öko-Institut 2005


Mitigation:

We need to reduce and neutralize the sources of greenhouse gases and avoid a degree of climate change that is unmanageable. For example, you can help by walking or cycling instead of taking the car, turning off electrical equipment when it's not in use and paying to offset CO₂ emissions when you fly.

Adaptation:

We need to take measures to cope with the impacts of unavoidable global warming. These include changing farming practices and building flood defenses such as sea walls.

Find out more at:

 http://knowledge.allianz.com/en/globalissues/climate_change





Joachim Faber, Member of the Board of Management, Allianz SE

Response: "Climate change is a serious business risk which we hope to become the industry leader in addressing. A first response includes the creation of Allianz Climate Solutions GmbH, a unit focused on renewable energy investment and incorporating climate change factors into our insurance risk modeling. We are also in partnership with WWF to support research on the effects of climate change and global warming government policies on economies and industry sectors. The results are already impacting our investment and underwriting decisions."

What are the solutions?

- 1 **Promote climate-friendly products:** It's vital that consumers have the choice to buy environmentally friendly products, whether it's green electricity, biodegradable cleaning products or recycled paper. Allianz Climate Change Solutions is also developing a range of products and services to help clients reduce their own CO₂ emissions, including green car insurance to offset emissions and investment funds covering renewable energy.
- 2 **Take care of limited resources:** Better management of our natural resources, an expansion of renewable energy, a reduction in what we consume and improvements in the efficiency of our homes and transport are all crucial in the fight against climate change.
- 3 **Cut CO₂ on a global scale:** Introduce a global emissions action plan, promoting clean energy technologies and allocating burdens and benefits fairly.
- 4 **Help less-developed countries prepare:** Global warming will hit the poorest people hardest, since they live in climate-sensitive areas and have limited means to adapt. In Asia, approximately 80 million people are at risk of flooding, due to climate change. Developed nations have an important role to play in helping develop infrastructure, supplying technical assistance and financing – critical to tackling climate change.
- 5 **Increase investment and cooperation:** The public and private sectors must work together to develop energy technologies that are needed to avoid the most damaging consequences of climate change.
- 6 **Improve communications:** We need to share knowledge, encourage partnerships and improve the knowledge base on climate change. Organizations such as the Carbon Disclosure Project (CDP) are leading the way; the CDP now manages the largest repository of corporate greenhouse gas emissions data in the world.

Find out more at:

http://knowledge.allianz.com/en/globalissues/climate_change



A moment with: Armin Sandhövel

Head of Reputational Risk, Dresdner Bank AG, Germany
(now CEO of Allianz Climate Solutions)

My moment was... being asked by the German government to design the first pollution trading scheme. Eventually, the CO₂ emissions trading certificates were launched in London and today, my colleagues in London and Frankfurt are among the leading CO₂ emissions traders in Europe. **Employees can watch this moment at:** <http://moments.allianz.com/en/stories/story.html?story=650>

Climate change Allianz activities



Our climate change strategy is to contribute toward a more environmentally aware world through supporting climate-friendly technologies, responsible investments and providing solutions for our clients.

Read more about the strategy at: www.allianz.com/en/allianz_group/sustainability/challenges/climate_change/index.html

These are the core elements of the Allianz strategy:

Working with WWF

WWF and Allianz – Climate Change and the Financial Sector

Since 2005, we have been working closely with WWF on climate change research and strategy. In 2007, we entered a three-year agreement in part to quantify direct and indirect effects of climate change on the Allianz Group – including the risks of our financial investments. Together we have produced a number of studies including *An Agenda for Action*.

You can read the studies at:

<http://knowledge.allianz.com/en/studies/climate>

Climate change

1 Developing products

As part of our commitment to tackling climate change we formed Allianz Climate Change Solutions, a 100% subsidiary of Allianz. To date, we have created more than 20 climate change-related products. Some of our products include:

Insurance

Eco Bonus (Austria)

Allianz Elementar offers car insurance customers a 10% discount on their premium if they hold an annual public transport pass.

Catastrophe Bond (Cat Bond)

This enables Allianz to transfer potential losses from insurance claims resulting from severe flood damage in the UK, and earthquake damage in Canada and the USA (excluding California), to the capital markets.

Certified Green Buildings Insurance (USA)

The Fireman's Fund Insurance Company offers a 5% discount on premiums for houses that are certified "green" buildings.

Asset/Investment

EcoTrends

Since June 2006, this global fund has invested €1.9 billion in companies operating in renewable energy, environmental protection and water enhancement.

Emissions Trading Advisory services

Dresdner Bank runs an emissions trading advisory service to its customers. In 2006, it won the Emissions Trading House of the Year at the Banker's Investment Banking awards.

Find out more about our products and services at:

www.allianz.com/en/allianz_group/sustainability/implementation/products_services/index.html

Wind Energy Investments

Allianz Special Investments (ASIL) has committed to invest between

€300 and €500 million

in renewable energy projects, between 2005 and 2010

2 Tackling emissions

We are working to cut our carbon emissions by 20% by 2012 (from 2006 levels). In total our carbon footprint is an average of 4.2 tons per employee, comprising the following:



* Other indirect emissions are from paper and water consumption, and waste disposal (figures are based on 2006 data).

In 2007, our employees' business travel totaled 1,007 million km, or approximately 25,127 times around the world.

The Allianz Climate Change Action Plan is currently being implemented; projects include installing photovoltaic electricity systems in some of our buildings and energy-efficient heating systems.



Picture: Reuters

Extreme weather, such as hurricanes, forest fires and floods, causes

40%

of all insured losses worldwide

3 Supporting communities

WWF Allianz Southeast Climate Witness Program

The Allianz Foundation North America and WWF are helping young people displaced by Hurricane Katrina. Twenty-five high school students are exploring climate change by taking part in an assessment of the southeast coast, learning new scientific skills, working on wetland restoration projects and finding out why this region is vulnerable to climate change. They will discuss their findings at a Youth Summit in Washington DC in July 2008.

Find out more at:

www.worldwildlife.org/seclimatemwitness

What can I do?

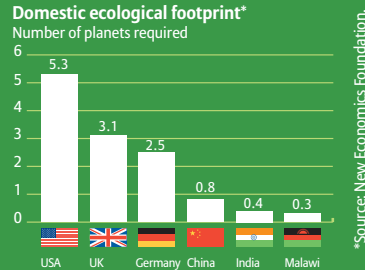
We are consuming approximately **25% more** natural resources than the planet can replace



The ecological footprint

Shown opposite is an estimate of the number of planets required if a country's population continues consuming as it does today. We are living beyond our means, by over-consuming and producing more waste than the earth can cope with.

Find out the size of your own footprint at: www.footprint.wwf.org.uk



Commitments

Allianz works with a number of international organizations including:



Partnership with WWF on Climate Change Research and Strategy



UN Environment Program – Chairing the UNEP FI Climate Change Working Group



Global Roundtable on Climate Change (Call to Congress) – over 85 organizations have endorsed a climate change and energy plan which calls on governments to set emissions targets.

CARBON DISCLOSURE PROJECT

Inclusion in the Climate Disclosure Leadership Index. The Carbon Disclosure Project (CDP) is a not-for-profit organization and is the largest repository of corporate greenhouse gas emission data; holding data from 3,000 of the world's largest companies.

Read more about our commitments and external affiliations at: www.allianz.com/sustainability

50% of investors* said they would invest in companies focused on environmental solutions

said they would invest in companies focused on environmental solutions

*A survey conducted by Allianz Global Investors. www.allianz.com/en/allianz_group/press_center/news/studies/news_2008-01-25.html

What can I do? Here are some simple ideas



Spread the word

- **Talk to your boss and colleagues** – discuss how they can cut CO₂ emissions at work and home.



When I'm traveling

- **Don't speed** – driving more slowly uses less fuel and emits less CO₂.
- **Car share** – on average, for each liter of fuel used, more than 2.5kg of CO₂ is released.
- **Use public transport** – a double-decker bus carries the same number of people as 40 cars. Buses are also seven times safer than cars.
- **Holiday locally** – one transatlantic flight for a family of four creates more CO₂ than that family generates domestically in an entire year.



When I'm shopping

- **Choose climate-friendly products** – look for the European eco-label flower.
- **Choose products with reduced packaging** – and recycle.
- **Reuse your shopping bag.**
- **Buy local and seasonal products** – this helps reduce food miles and supports local producers.



When I'm at home

- **Turn off appliances** – stand-by uses up to 20% additional energy.
- **Use energy-saving lighting** – one bulb can reduce lighting costs by up to €60.
- **Switch to green electricity** – demand creates supply so you'll help strengthen renewable energy sources.



When I'm at work

- **Work smart** – use conference calls and emails rather than traveling to meetings.
- **Shut down your computer properly** – it would take 500 trees to absorb the amount of CO₂ emitted from leaving a computer on all day for one year.
- **Don't waste paper** – if you really need to print a document, print on both sides. A European citizen uses on average 20kg of paper per month!

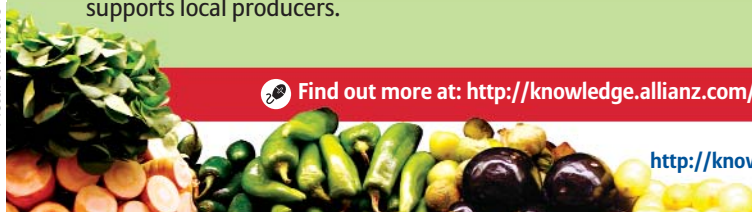


Have you integrated the logo below into your Allianz e-mail signature?



Please consider the environment before printing this e-mail.

Find out more at: http://knowledge.allianz.com/en/take_action





Geoffrey Dennis, Chief Executive
of CARE International UK

3. Microfinance

Expectation: "CARE International would like Allianz to include microinsurance as part of its core business, investing in it for its long-term business future. Non-governmental organizations like CARE and microfinance institutions can help Allianz to ensure that its products are appropriate and cost-effective for poor people, unlike many off-the-shelf products. Promoting products as part of wider financial education is key to reach vulnerable communities with little financial security. Allianz, however, should make the best use of its technical product design and risk assessment expertise. Together we can meet the needs of the communities on the ground."

Did you know?

Worldwide, 40% of people live on less than US\$2 a day¹. And over

3 billion

people lack any type of formal social security protection²

When the poorest households were given access to microcredit loans

48%*

rose above the poverty line

* World Bank Study, Bangladesh

The total capital currently available for microfinance has risen to

US\$1 billion

per year

The global demand for microfinance loans services is estimated to be

US\$250 billion

10 times the amount that has been lent*

* Deutsche Bank, 2007

What is microfinance?

Microfinance is the provision of small-scale financial services such as credit, savings and insurance to the world's poorest people. These services allow them to invest in their livelihoods, respond to unforeseen events and plan for their future.

Is it different from aid? Yes, because it empowers people rather than creating a dependence on charitable funding. For instance, it enables communities to set up their own credit cooperatives.

Does it make a real difference? For those people in developing countries with no steady income or property, there is little access to the financial services they need to start improving their lives. Microfinance is an effective way to make people more aware of the benefits and security that financial services can bring and introduce people to credit unions and insurance policies that meet their needs.

Are there differing degrees of risk? People from developing countries confront many of the same risks as those in the developed world. However, it is the effects and frequency of these risks that are different. For example, if a bicycle taxi driver in Delhi loses his bike, which may only be worth US\$10, he has lost his source of income, whereas if someone from a developed country loses their bike they have simply lost one means of transport.

Who benefits most from the money? Research shows that male/female inequality is a major barrier to economic growth. Most microcredit loans are given to women, allowing them to run their own businesses and gain economic independence.

Find out more at:

 http://knowledge.allianz.com/en/globalissues/microfinance/microinsurance/microinsurance_insurance.html




Werner Zedelius, Member of the Board of Management, Allianz SE

Response: “We are very happy to work with CARE. It is an experienced and knowledgeable partner that is of tremendous help in defining the needs of customers from low-income households. With its know-how in microfinance, we managed to design products that even cover health benefits and hospitalization. We will continue to test different approaches to microinsurance in order to be able to offer the best solution in each different circumstance. Our aim is to build loyalty to future clients by already making a sustainable social impact today.”

What are the solutions?

- 1 **Improving awareness:** Access to, and awareness of, financial services has been virtually non-existent in developing countries. Many people find it difficult to understand the concept of insurance – it does not exist in their culture. We need to raise awareness through training and financial literacy adapted to this audience.
- 2 **Creating alliances:** We need to create partnerships with microfinance institutions (MFIs) and non-governmental organizations (NGOs) in developing nations, which have established relationships within communities and are familiar with their needs. We can then create financial solutions tailored to these communities’ needs and raise awareness about the potential benefits.
- 3 **Reaching people:** To succeed, microinsurance needs to be high-volume, well-distributed and affordable. For instance, in Indonesia, life insurance is available for as little as US\$0.66 a year. MFIs and NGOs play a crucial role in providing a link between the insurance company and the individual; they are trusted in the community, and their outreach is vital in helping to distribute products and services.
- 4 **Supporting an environment for microfinance:** Helping to improve the basic rural infrastructure of roads, healthcare and education is required in order for the microfinance model to succeed. New information and communication technology also has a part to play. For instance, in remote areas, banking using mobile phones offers a simple, low-cost solution to the problem of access.
- 5 **Attracting investment:** Public spending alone, by institutions such as the World Bank, is not enough. Private investment is required to satisfy the growing demand for microfinance. This will allow MFIs to become financially independent and better able to provide viable insurance options.

Find out more at:

 <http://knowledge.allianz.com/en/globalissues/microfinance>



A moment with: Martin Hintz
Claims, PT Asuransi Allianz Life Indonesia, Indonesia

My moment was...helping to prevent poverty. I was very struck when I paid out the first claim benefit to a grandmother in a poor Indonesian neighborhood. The grandmother was very grateful for the US\$100 she received to care for her five-year-old grandson. **Employees can watch this moment at:** <http://moments.allianz.com/en/stories/story.html?story=459>

¹Source: UN’s Human Developments Report 2007/2008.

²Source: UN Commission for Social Development, 2007.



Microfinance Allianz activities

Meeting the demand for microinsurance has challenged us to rethink a number of assumptions about insurance. A combination of social awareness and financial creativity is what Allianz is all about.

Read more at: <http://knowledge.allianz.com/en/globalissues/microfinance>

Microinsurance helps to eradicate poverty by:

Working with UNDP and GTZ

UNDP-GTZ – Allianz microinsurance market study

India has the most dynamic microinsurance sector in the world. Still, market penetration is largely driven by supply, not demand, one reason being a government-designed quota for microfinance services. In Indonesia, demand is high. However, few of the vast insurers have explored the low-income market and there is a critical need for agent training and market education. In Lao, the national social security system is meeting current needs and commercial microinsurance is still at an embryonic stage.

<http://knowledge.allianz.com/en/studies/microfinance>

3
Microfinance

1 Simplifying insurance

To simplify the process of insurance, one contract is used to cover thousands of customers. Our microinsurance program in India is one example of this in practice:



India

In India, 80% of the population lives on less than US\$2 a day. Bajaj Allianz launched its first microinsurance product in 2003, which in total now covers more than 200,000 people. In 2004, a tsunami struck the state of Tamil Nadu. In partnership with CARE International, a series of insurance policies were developed which were tailored to the customers' needs. This is providing protection to 75,000 fishermen and agriculture workers against potential threats to livelihoods, such as drought or flooding.

In addition, the project is helping community groups learn how to manage microinsurance. In Southern India, Allianz is providing a life insurance product that charges €0.87 a year, and pays €370 in the event of an accidental or natural death.

Find out more about our products and services at:

<http://knowledge.allianz.com/en/globalissues/microfinance>

2 Working with partners

The key to making microinsurance easy to implement is the use of intermediary bodies to provide a key type of insurance that was previously unavailable in most communities. Our work in India and Egypt demonstrates our approach to tackling poverty.

Egypt

In Egypt, there is currently no "safety net" for the country's most vulnerable people in the form of planned health cover or social security. Allianz is working with PlaNet Finance, an international NGO, the private enterprise Surety Fund and a number of European re-insurers to develop a pilot project offering death and disability insurance to more than 30,000 customers. As part of the program, financial literacy training is being given, which enables Allianz partners to explain services and products to local people.

German Society for Technical Cooperation (GTZ) and Allianz Indonesia

In 2005, Allianz began working with GTZ, an international enterprise for sustainable development. GTZ has over 20 years' experience in a region in which less than 5% of the population had individual life insurance.

A pilot product was launched under Payung Keluarga (Family Umbrella) life insurance, which is available for as little as US\$0.66 per year.

Since February 2008 Payung Keluarga is featuring extended options, for example a microinsurance product that complies with Islamic law, which is important considering that the majority of the Indonesian population is Muslim.



Case study: Ira Rosita

Rosita died in 2006, leaving her mother to look after her five-year-old son and an outstanding credit debt of Rp (rupiah) 450,000 (€40). Rosita had taken out a Payung Keluarga policy. Her grandmother therefore received Rp1,000,000 (€87) in benefit. This provided the financial assistance to allow her grandson to continue at school. The policy also states that any outstanding credit is waived, so the local credit cooperative directly benefits from the policy too.



http://knowledge.allianz.com/en/media/videos/allianz_microinsurance.html



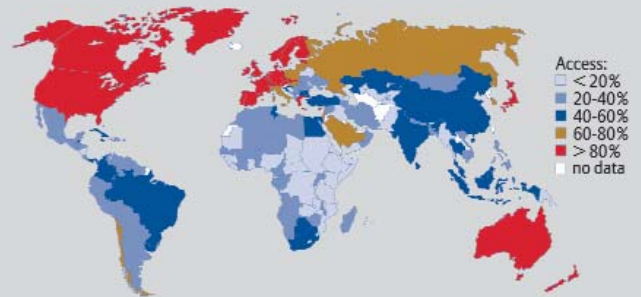
What can I do?

Lend to a specific entrepreneur in the developing world with as little as

US\$25 per loan

To find out more visit www.kiva.org

ACCESS TO FINANCIAL SERVICES Fraction of households %



Source: P. Honohan, July 2007.

For further information please visit: <http://knowledge.allianz.com>

Our partners

gtz

PLANET FINANCE
www.planetfinance.org

care

UN
DP

“In the wake of a devastating event like a tsunami, a major part of helping rebuild people’s lives in the long term is to help them feel more secure.”

Geoffrey Dennis, Chief Executive,
CARE International



What can I do? Here are some simple ideas

Spread the word

- **Talk about ideas** – the world needs to think about solving global poverty.
- **Teach friends and neighbors about microfinance** – explain how to get involved and what a real difference helping the world’s poorest people can make.

A great starting point for the basics on microfinance is:

http://knowledge.allianz.com/en/globalissues/microfinance/microfinance_basics

Stay informed

- **Stay on top of the latest microfinance and sustainable development issues** – subscribing to the Allianz Knowledge newsletter provides a regular digest of news about climate change, alternative energy and development.
- <http://knowledge.allianz.com/en/newsletter/registration>

There’s also a newsletter from PlaNet Finance at:

www.planetfinance.org/EN/press-ngo-micro-credit/ngo-newsletter.php

Left: Participants in the Allianz and GTZ microfinance project in Aceh, Indonesia.

Volunteering

- **Spend your next holiday as a volunteer** – help to educate people about the benefits of microinsurance.
- Find out more at:**
- www.teachamantofish.org.uk
 - www.planetfinance.org

Give a bit

- **Make a loan** – it’s said that one small loan can support a family, several can strengthen a community, thousands can transform an entire economy.
- Find out more at:**
- <http://knowledge.allianz.com/en/globalissues/microfinance>
 - **Invest in a microfinance fund** – such as PlaNet Finance’s PlaNet Microfund, which targets the development of the most promising new MFIs. Contact Delphine Bazalgette at dbazalgette@planetfinance.org
 - **Talk to your financial adviser** – discuss investment funds that can benefit microfinance institutions.



Frank Romeike, Chair of the Risk Management Association and CEO of RiskNET GmbH

4. Safety

Expectation: "Life without risk is inconceivable. Anything we do involves risk. So does anything we don't do! I expect Allianz, as a global risk taker, to provide education about potential future risks, and to support society in working out how to prevent risk and promote security. It might do that, for example, by developing standards and techniques for risk prevention, or by supporting science and research. In that context, Allianz should also act as a motivator for people to reduce risk, and take the burden off the state and the commonwealth by compensating for losses. But that will only be possible if Allianz also ensures security internally by way of adequate risk and capital management."

Did you know?

Pedestrians are

8 times

more likely to be killed by cars traveling at 30mph than at 20mph*

*WHO, 2004

During a stay in hospital

1 in 10* patients

catches an infection, and these infections now kill more people than Aids

*Allianz Deutschland AG, 2007

There are currently around

600 products

that use nanotechnology; by 2020, it's estimated this market will be worth over US\$1 trillion*

*Wilson Center, 2005

On average, every

13 days

there is an electricity blackout in the US*


*American Institute of Physics

Safety

As an insurer, we provide people with protection against the daily risks they face in business and in life. Without this insurance, people would take fewer chances and struggle to fulfil their ambitions, and innovation may be stifled.

Our business is to understand risk, whether it's poor health, road safety or the dangers of failing to protect the environment. This section shows how Allianz is helping individuals to understand these risks too and showing them how such risks can be influenced – and reduced – by their own behavior.

Find out more at:

 http://knowledge.allianz.com/en/globalissues/safety_security



Clement B. Booth, Member of the Board of Management, Allianz SE

Response: "For Allianz, security means more than just cash compensation for claims. Security also means managing risks for our clients, and thus averting danger and losses. That's the only way for each of us to achieve physical, social and economic safety, which in turn enables us to act freely and make the most of both personal and professional opportunities. Take our worldwide expertise in assistance benefits as an example. When there's an accident, illness or other emergency in your family, we don't just provide cash; we actively help you to deal with the lost time and aggravation that go along with such problems. In a moment of truth insurance is not only a financial solution, it can become a very emotional experience."

What are the solutions?

- 1 Understanding the risks:** It's common to underestimate some risks in our lives while over-reacting to others, often because of being in a hurry, stress or anxiety. For instance, traveling by plane is thought of as being riskier than traveling by car, when in fact the opposite is true.


In order to be better risk managers, we need to become more familiar with the psychology of risk perception, perhaps by including it as part of the school curriculum.
- 2 Mobility:** The problem of road safety is best tackled by looking at the traffic system as a whole and the interaction between vehicles, road users and the road infrastructure.

At the same time, insurance companies, loss assessors and the motor industry need to collaborate more systematically to find out why accidents happen and then use this research to make our roads safer.
- 3 Sharing knowledge:** Collaboration is also important for developing sectors such as renewable energy and nanotechnology, ensuring that products are created through shared experience and knowledge.
- 4 Energy security:** We need to become more independent of fossil fuels, diversify our supply of power and develop more sustainable energy solutions. To do this, we must reduce the amount of energy we use and increase investment in renewable energy.
- 5 New technologies – nanotechnology:** This new technology needs to be handled with care, including new rules for risk evaluation and new binding international standards that take into account the different characteristics of nano-particles.

Sufficient finance and government support for R&D is also crucial, as is an open dialogue between the industry, the insurance sector, politicians and consumers.
- 6 Infection in hospitals:** Policy makers and hospitals need to prioritize hygiene through a robust risk management strategy that includes infection control, specialist staff and regular training.

More education about the use of antibiotics is needed, as is a reduction in their repeated and often indiscriminate use, which has led to the development of new drug-resistant superbugs.

Find out more at:

 http://knowledge.allianz.com/en/globalissues/safety_security



A moment with: Martin Valk

Risk Consultant, Allianz Global Corporate and Specialty, Germany

My moment was... putting security above winning the big deal. We advised a power plant operator against streamlining operations, due to technical safety risks. The project was abandoned, but they thought we had been so positive, they asked for our help on a new, larger project. Employees can watch this moment at: <http://moments.allianz.com/en/stories/story.html?story=13&lang=de>

Safety

Allianz activities

The risks that we face as individuals and as a corporation are growing. We are committed to evaluating those risks and looking at ways to manage them.

We have addressed safety by:

Working with the Allianz Center for Technology (AZT)

AZT study: risks of electricity supply

Power cuts are expected to become more frequent as energy demands increase and are sourced from often obsolete power plants and grids. One proposed solution is for further investment into energy infrastructure, greater emphasis on saving energy, and a larger mix of alternative energy sources to reduce our dependence on electricity.

Find out more at:

http://knowledge.allianz.com/en/globalissues/safety_security/energy_security/blackouts.html

4
Safety

1 Integrating safety measures

In order to manage our risks and ensure we are safeguarded, we have policies and procedures in place and have developed key assessment tools. Our measures include:

Group risk policy – the foundation of Allianz's safety program

This policy is designed to adapt to changing business needs. Two key aspects of this policy are:

- emerging risks of technology, environmental change and social inequalities
- reputational risks around Allianz's reputation as a socially and environmentally responsible company.

Trend Assessment Committee (TAC)

Allianz's early warning system for risks and opportunities for catastrophes and developing sectors, such as nanotechnology and climate change.

Find out more at:

www.allianz.com/en/allianz_group/sustainability/implementation/risk_management/index.html

2 Tackling safety

From the beginning, we have valued and prioritized research. Our research on safety is driven by:

Road Safety – Allianz Center for Technology (AZT)

Allianz Center for Technology is a world-class research center and service provider whose main objective is to support Allianz's sustainable development goals and to ensure developed technology is cost-effective, safe and insurable. The center has been in existence for over 75 years, and the range of services has grown to include nanotechnology, renewable energy technology, environmental due diligence, climate change risk assessment and emissions trading advisory services.

http://knowledge.allianz.com/en/globalissues/safety_security/road_safety/interview_vehicle_behaviour.html

3 Undertaking studies

To further our knowledge on safety issues, we are committed to research in this area. Our studies include:

Small sizes that matter: Risks and opportunities of nanotechnologies

In cooperation with the Organisation for Economic Co-operation and Development (OECD), this study assessed how nanotechnology should be managed and insured.

The study found that unlocking economic benefits will require an approach that ensures that as the technology is developed, safety issues are constantly addressed.

Download the study:

http://knowledge.allianz.com/en/globalissues/safety_security/new_technology/nanotechnology_threats_prospects.html

Health: Infectious hospitals

This joint report with the German Society for Hospital Hygiene addresses the issue that one patient in 10 across Europe gets an infection while in hospital. The report calls for nurses specially trained in hygiene and warns that a proper risk management system will be required for hospitals to maintain insurance cover.

http://knowledge.allianz.com/en/globalissues/safety_security/health_pandemics/hospital_infections_mrsa.html



Health

Hospital infections are increasingly resistant to many antibiotics. In 1974, only 2% were antibiotic resistant; today, it's

60%



Picture: Reuters

What can I do?




Try reading this handbook

AZT: 12 golden rules for blackouts

This is a practical guide about what to do in the event of a prolonged power failure. For instance, a torch will be crucial but pointless if you only have rechargeable batteries because there will be no power supply to recharge them. And if you have invested in equipment such as a generator, do you know how to use it safely?

Download the golden rules:

 www.allianz.com/en/allianz_group/sustainability/media/downloads/golden_rules_sustainable_energy.pdf

What can I do? Here are some simple ideas

General

- **Reduce stress** – it is one of the main causes of accidents and poor risk management.
- **Reduce speed when driving** – pedestrians are 8 times more likely to be killed by cars traveling at 50km/h than 30km/h.
- **Keep your options open** – often risks seem to be huge because we are used to specific things. Try to consider alternatives.


Energy

- **Be aware of power failures** – talk about and plan for power failures. How would they affect you or vulnerable people?
- **Reduce your reliance on man-made energy** – develop alternatives to minimize your energy dependence.


Nanotechnology

- **Understand nanotechnology** – be aware of new developments and take part in the public debate to discuss risks and opportunities.

A good source of information from the EU is:

 <http://copublications.greenfacts.org/en/nanotechnologies/index.htm>

For more consumer information, visit:

 www.euractiv.com/en/science/nanotechnology-consumer-confidence/article-161268

Mobility

Vehicle safety

- **Know your car's safety features** – modern driver assistance systems can improve driving safety and comfort.
- **Adjust your headrest** – it gives critical support. The top of your head should be at the same height as the top of the rest, and the space between them should be minimal.
- **Check your tire pressure at least once a month** – around 75% of accidents caused by “blow outs” occur because tires aren't pumped up to the correct pressure.

Driver behavior

- **You must have control of the car** – driver assistance systems are only there to support you.
- **Obey traffic rules** – they're there for a reason, even if you don't always agree with them.
- **Stay focused and concentrate when driving** – avoid distractions such as talking on the phone and listening to loud music.

Infections in hospitals

- **Wash your hands frequently** – during a hospital stay or when visiting others in hospital.
- **Cut back on antibiotics** – discuss with your doctor whether they may reduce the number of helpful bacteria in the body, making it harder to fight infections.
- **Know the symptoms of an infection** – you might assume that dangerous signs of a hospital-acquired illness are just normal post-operative pain.



 Find out more at: http://knowledge.allianz.com/en/take_action/?pic=buckle-up.jpg

5. Corporate governance

Maintaining customer confidence through integrity

Over recent years the names of some top corporations have become synonymous with corporate misconduct, damaging their own standing and also reducing trust in the entire corporate world. Calls have come for more effective corporate governance, covering everything from financial reporting and internal controls to how corporations select, train and incentivize directors.

Our goal is to become the **most trusted financial services provider**. We have a strong customer focus and we measure ourselves against the highest standards of quality and performance. It's vital, therefore, to have systems in place so we continue to operate with integrity. The most important foundations of good business practice at Allianz are our corporate governance, our risk management and compliance systems. All these are designed to help ensure that we live our principles of responsible corporate behavior.

Transparency: being seen to manage effectively is the basis of good corporate governance

Corporate governance involves all areas of the company – it's not just “done” by any one department or function – and it needs to be seen in action throughout the business.

Good governance is also woven into how, when, and why directors work together – in fact, into all their interactions with management and the organization.

As a Societas Europaea*, the main features of our corporate constitution are: (1) the two-tier board system (Board of Management and Supervisory Board); and (2) the principle of equal employee representation on the Supervisory Board.

* Societas Europaea, or SE, is the term used to describe a company governed by common principles within the European Union.

The **Board of Management** manages Allianz SE and Allianz Group. Its responsibilities include setting business objectives, coordinating and supervising the operating entities, as well as implementing and supervising an effective risk management system. It regularly reports to the Supervisory Board on these issues.

The Supervisory Board comprises 12 members appointed by the General Meeting. Six of these are appointed from nominations made by employees. The Supervisory Board oversees and advises the Board of Management on managing the business and is also responsible for determining their pay.

Allianz is guided by internationally and nationally recognized standards of good and responsible corporate management, including the Sarbanes-Oxley Act and the German Corporate Governance Code.

More information on our corporate governance website:

 www.allianz.com/cg

Reputational risk management

Reputation is one of our main assets. All activities within the Allianz Group can influence Allianz's reputation. If a major reputational damage occurs, the loss in the company value can potentially be of the same dimension as a major correction in equity markets or the occurrence of a severe natural catastrophe such as a hurricane.

Therefore Allianz is working hard to protect and further strengthen our reputation. In this effort, the role of Allianz SE is to define Group-wide standards and to give support to our Group companies and business units. In the past months, Allianz has established Group-wide processes to identify, monitor and assess reputational risks. This applies notably in the case of controversial business activities, dilemma cases and critical environmental and social aspects of a project.

We have zero tolerance for bribes

We respect the professionalism of our business partners

We give our investors equal and fair chances

We create transparent capital markets



Reinhard Preusche, Group Compliance

“Our business is only sustainable if achieved by operating with integrity, with fairness and in accordance with regulations. The Allianz Code of Conduct sets the framework for this. Compliance plays an important role in enabling, supporting and monitoring our employees and business in this respect.”

Compliance: systems and culture

The vision of Compliance is to have Group-wide integrity standards by combining business ethics with operational integrity.

In a well-led company, many compliance tasks are implemented by other departments. These include Investor Relations, Human Resources, Audit, Risk Management and others. Compliance is a key component – not only because it’s a matter of law, but because it is fundamental to our corporate governance framework and to doing good business.

The aim of our compliance program is to give employees worldwide a framework and support in day-to-day integrity questions.

Code of Conduct (CoC)

Corporate values are only effective if they are lived by management and our employees.

The CoC encourages employees to address behavior in contradiction with the CoC to their line manager, Compliance or Audit. Our whistleblowing rules take care that information reported will be treated confidentially.

At the same time, anyone who violates the Code is accountable for wrong behavior.

But the main work has to be done in the field of prevention. Otherwise problems are not avoided but only processed.

Research by the U.S. Compliance and Ethics Leadership Council in 2005 showed that more than 36% of senior management in corporations have been informed of, or even involved in, breaches incurring fines of over US\$15 million.

Anti-corruption

Our business faces several challenges when it comes to corruption and legal requirements on transparent books and records, such as our growth potential in markets with a high competition profile or the cooperation with brokers and consultants in business. Our response to corruption includes:

- guidance on gifts and entertainment in our Code of Conduct
- separation between broker compensation and underwriting
- anti-corruption awareness and Foreign Corrupt Practices Act training program (to be rolled out).

Want to boost your compliance knowledge?

Have a look at our Group Compliance portal: <http://allianzse.allianz.de.awin/gin/centers/group>



We use various tools to help foster a compliance culture – for example, the Allianz Anti-corruption Comic and our CoC training. By presenting topics in an innovative way we strive to find a direct way into our managers' and employees' minds and hearts.

We do not misuse confidential or price-sensitive information

We do not want to be misused for illegal activities

We are committed to the fight against money laundering and the financing of terrorism

We treat our customers fairly

6. Sustainable development (SD)

Today, sustainable development is in everyone’s mind. Economic growth and making the world a healthier place for all its inhabitants requires innovative thinking and brave entrepreneurship. The following pages show how we integrate the sustainable development concept into our business in a way that made us the leading insurer in the Dow Jones Sustainability Index in 2006 and 2007.

6 Sustainable development

What is sustainable development?

We’re sure it’s a phrase you’ve all heard many times – but what does it actually mean?

The pioneering definition of SD is: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”¹

In other words, as the world’s population continues to grow, we can’t simply continue using natural and human resources as we have done in the past.

But we decided to find out what SD really means to you, the people that make Allianz buzz.

¹World Commission on Environment and Development, 1987



We talked to some employees, and here’s what they thought.*

What does sustainable development mean to you?

Astrid Zwick Allianz Group
Sustainable Development Manager



“For me, it is about an increasing number of people in the world enjoying a better quality of life in the future.”

Mike Delany Finance
Department, Allianz UK



“Sustainable development means that we want to develop our business with proper regards to all the people we work with and the environment we work in, as there will be no future without both of these.”

How will sustainable development improve our performance?

Andrew Lindsay AGF, Marketing
and Innovation Department



“Sustainable development does not aim to impede growth but encourage it while respecting the environment and society. . . and in a competitive world, the good reputation and client trust that SD brings is priceless.”

Veronica Schilling Allianz SE
Group HR



“Sustainable development is about influencing today’s decisions as a way of improving things for tomorrow. We mustn’t accept short-term benefits now at the expense of long-term benefits in the future.”

The Allianz Team

As the diagram shows, there is a constant flow of ideas and information circulating throughout the whole company, from board level through to specialist working groups involved in SD on a daily basis.

It's a structure that's designed to keep sustainable development at the forefront of everything Allianz does.



“Climate change or demographic trends are particularly relevant to our business. As a sustainability leader, we have the ambition to gain the best expertise in these topics and to develop win–win solutions for our business and our stakeholders.”

Lutz Cleemann Former Chair of the Allianz Sustainability Strategy Team

Why sustainable development matters

All businesses have an economic, social and environmental impact on the planet. As a responsible business, our knowledge and experience as an insurer, asset manager and banker means we are in a position to empower other individuals and organizations to act in a sustainable way too.

We can also use our position to support innovative companies whose ideas and inventions could make the world more sustainable.

We all need to cut back on waste, reduce the energy we use and operate as a good employer. And we must do this not simply because “it’s the right thing to do,” but because there will be no business otherwise. It’s in everyone’s long-term interest to do so.

That’s why sustainable development matters.

*Some of the quotes have been edited for clarity.

How does your work help us achieve sustainable development?

Bozena Bonaca Allianz Global Investors



“I run a global portfolio, which focuses on investing in companies that aim to provide or innovate environmental solutions to growing environmental concerns such as climate change, pollution and water availability.”

Scott H. Steinmetz P.E. CAT Management Product Director, Personal Insurance Underwriting, Fireman’s Fund



“Our stabilizing effect through insurance, risk management and asset management can bring significant value directly to the needs of people around the globe.”



Top ranking for Allianz

Our investors, employees and customers increasingly demand independent information about a company's environmental and social values.

Sustainable development 6

This is what ratings such as the Dow Jones Sustainability Index (DJSI) provide: a comprehensive assessment of a company's sustainability performance, covering issues such as corporate governance, risk management, climate and environmental protection, and labor practices.

And the results allow companies to measure their performance against their peers.

Allianz is a global leader when it comes to sustainable development. The key players in this success have been you;

from employees introducing microfinance products in Asia and volunteering to assist local causes, to the individuals who have reduced the resources they use at work.

Through initiatives such as Ideas to Success (i2s), employees have brought new and innovative ideas to the company that have helped us stay ahead of the competition. These include some of our most innovative products, such as CarePlus, developed to provide intensive care cover for the elderly in Germany.

Why we scored so highly

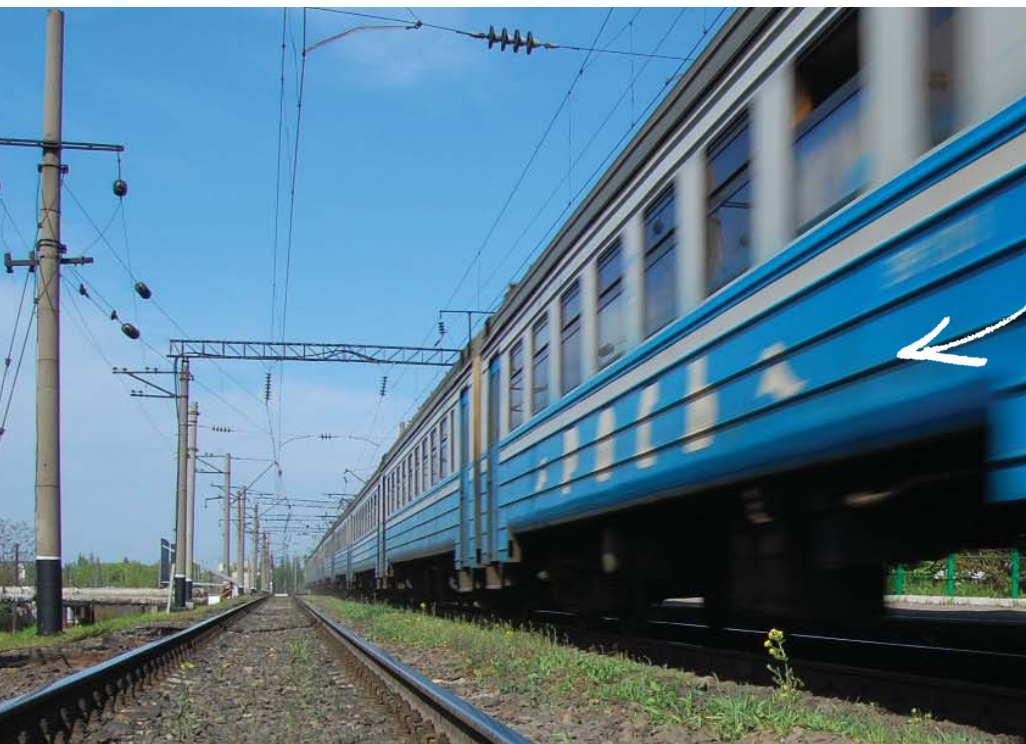
The following graphs illustrate our DJSI scores:

- Allianz SE
- DJSI sector average on a global basis
- Best company on a global basis within DJSI sector

The DJSI measured our performance in three key dimensions.

- 1 Environmental dimension
- 2 Social dimension
- 3 Economic dimension

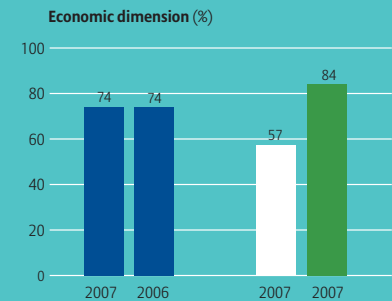
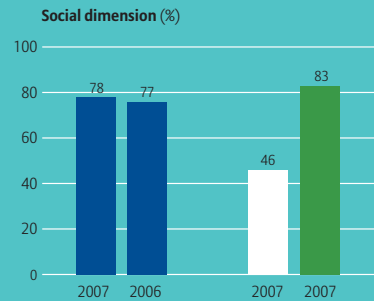
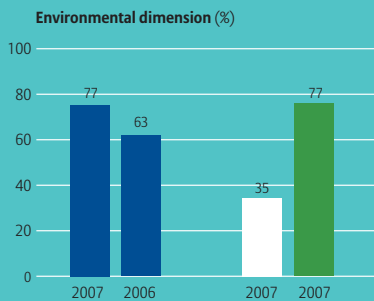
This is what we achieved.



In 2007 our carbon footprint was around 4,200kg per employee. To help us reach our carbon emission reduction target of 20% by 2012 (from 2006 levels), why not:

- take the train over flying to a meeting? Per passenger, a flight from Stuttgart to Munich results in more than 115kg of CO₂ emissions while taking the train emits around 12kg.
- have a teleconference versus flying? A single long-haul flight results in more than 3,000kg of CO₂, the equivalent of the average EU car owner's annual emissions.

Find out more at:
<http://www.bbcgreen.com/Travel/Green-Transport/Sixty-Second-Guide-to-transport-emissions>



1. Environmental dimension

Allianz out-scored every other company on the DISI in the financial sector to set a new benchmark for the way businesses should manage their environmental impacts.

Beating climate change

This excellent result was due largely to the importance we place on tackling climate change. We have now successfully implemented the Allianz Climate Change Action Plan and are on course to achieve a 20% CO₂ reduction by 2012.

Internally: Environmental management now covers 70% of our employees, 9% more than last year. This led to a 2.5% drop in paper use and an overall decline in waste of over 6%.

Externally: Allianz Climate Solutions is now developing products that encourage our customers to think and act in a greener way. These include our revolutionary Eemotion car insurance policy, which allows drivers in Germany to neutralize their CO₂ emissions.

We have also developed a close partnership with the World Wide Fund for Nature, working on new environmentally friendly products and conducting ground-breaking research into the threats posed by global warming.

Challenge

Can you think of a way in which Allianz could be even more sustainable? If so, tell us about it through i2s.

2. Social dimension

Allianz performed exceptionally well in this section, which assessed the way we look after our employees and society as a whole.

Helping people help themselves

We now have some 30,000 new microinsurance customers in Egypt, and over 200,000 policy holders in Indonesia and India where, in partnership with CARE International, we have introduced a community-based health insurance scheme costing less than 10 cents a month.

Stakeholder engagement

Our latest bi-annual stakeholder expectation survey (see page 28) identified demographic change as the most pressing issue. We now have a substantial range of products and services geared toward helping societies adapt to this change.

Valuing our employees

Employees remain the company's greatest asset – it's your ideas, enthusiasm and talent that make the company tick. Last year, more staff received training – 51,000 days in total – than ever before.

Supporting diversity

We believe a diverse workforce is better at responding to changes and serving new markets. Our teams are often designed with a mix of age groups, genders and backgrounds.

Challenge

We are conducting a series of employee engagement programs – are you involved in one yet?

3. Economic dimension

This section assessed how we manage risk, and turn these risks into opportunities for ourselves and our customers. These include the Group Risk policy, which has a focus on emerging risks, and the catastrophe bond, which covers the risk of earthquakes in North America and floods in the UK.

The Customer Focus Initiative (CFI) has also helped the business grow sustainably: loyal customers stay longer, have confidence in our products and recommend us to others.

We also out-scored the sector average in corporate governance. The Allianz Code of Conduct acts as a framework for our basic values, setting standards in compliance and business ethics for all employees. As well as setting out our rules on insider trading and bribery, it also encompasses our Leadership values and non-discrimination principles.

To improve, we need to concentrate more on using brand and market management to show customers we are a sustainable company; the United Moments campaign will be key to achieving this. You can help us raise awareness of the Allianz brand when talking to clients, friends and family.

Challenge

Change has become part of our daily life. How can we support employees and agents to better meet the changing demands of our customers?

7. Knowledge partnersite

Our world is facing unprecedented challenges ranging from global warming and environmental degradation to rapidly growing populations in some parts of the planet, and rapidly aging societies in others.

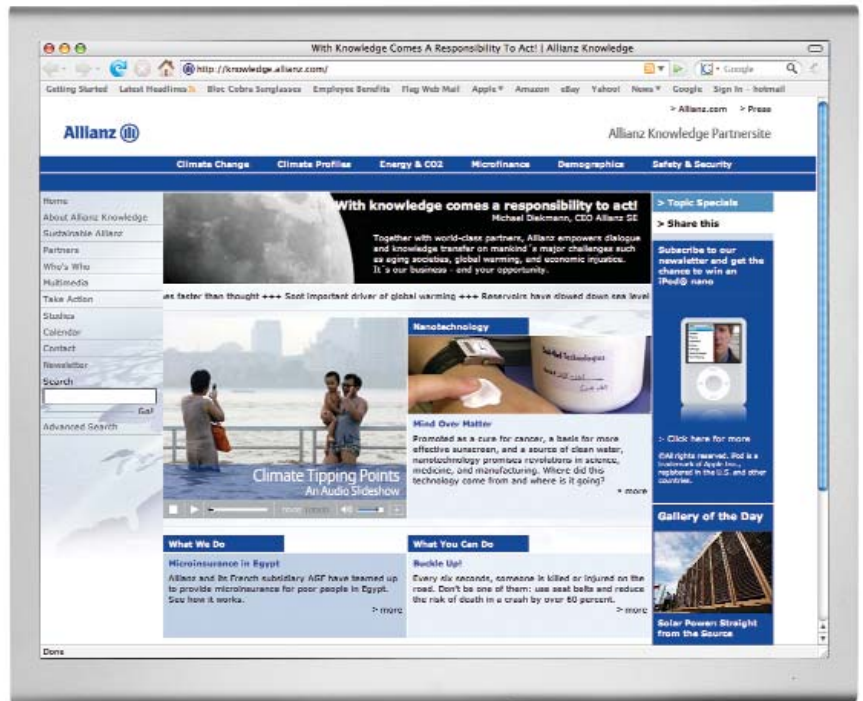
The Allianz Knowledge partnersite focuses on these “mega-trends” and tries to create an open forum for debate with the objective of empowering people through knowledge.

Knowledge can help us all make a difference. It helps to create innovation, nurture ideas and develop the solutions we need to move forward.

Drawing on the knowledge of countless Allianz experts, academic scholars, and NGO activists, our Knowledge platform offers articles, interviews, multimedia tools and interactive features.

It's a vast library of independent, credible information, that we've made available to a truly global audience.

Why? Because we believe that through the spreading of knowledge, we can find sustainable answers to some of the challenges we face today.



You want to make a difference? Visit knowledge.allianz.com

“With knowledge comes a responsibility to act.”

Michael Diekmann, CEO Allianz SE



The Knowledge site looks at ways in which Allianz and you can make a positive impact on some of the most pressing issues of our world.

We concentrate on five key areas:

Climate change



How dangerous is global warming? How far will sea levels rise? Can we prevent higher carbon dioxide levels? Will our children live without snow?


Find the answers:

 http://knowledge.allianz.com/en/global/issues/climate_change

Energy and CO₂




Will biofuels replace oil and gas? Can the sun satisfy our energy needs? Can we use coal without producing CO₂? How can we save energy?

 http://knowledge.allianz.com/en/global/issues/energy_co2

Demographic change




How will we finance tomorrow's pension? Why do women live longer than men? Where are the world's biggest cities? Why does Germany have fewer babies than France?

 http://knowledge.allianz.com/en/global/issues/demographic_change

Microinsurance



What do poor people really need? How can we finance credits in the world's poorest countries? What is Islamic insurance? How can lives be saved with microinsurance?

 <http://knowledge.allianz.com/en/global/issues/microfinance>

Safety and security



How secure are our energy supplies? Why do new diseases occur? How safe are our cars? What are the risks of nanotechnology? Can we find a cure for cancer?

 http://knowledge.allianz.com/en/global/issues/safety_security

8. Stakeholder expectations

In our bi-annual survey of our stakeholders' expectations, over 125 stakeholders from the media, political, non-governmental, scientific, and economic communities gave profound feedback. The results are to be used to help set our strategic priorities for continued positive growth and for the common good.

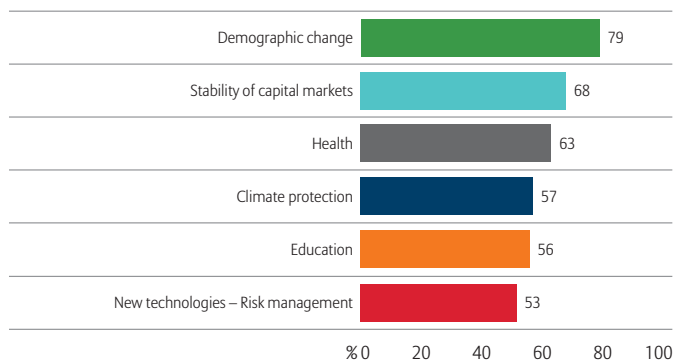
2007 Survey

More strongly than in previous years, our stakeholders are expecting Allianz to become an innovation and solutions leader. Below are the key results from our survey.*

Significant issues

Which issues should Allianz commit to in the future?

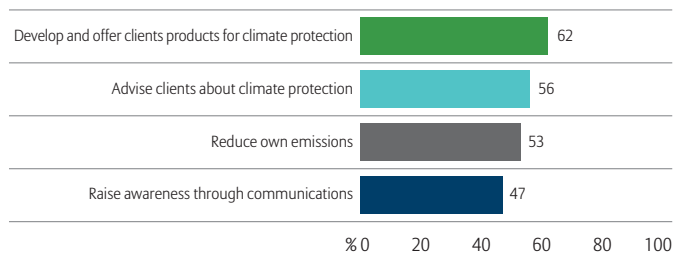
Addressing demographic change was considered the most important issue followed by several macroeconomic issues, including stability of capital markets and health. More than half of our stakeholders felt that addressing climate change was important.



Tackling climate change

How should Allianz handle the issue of climate change?

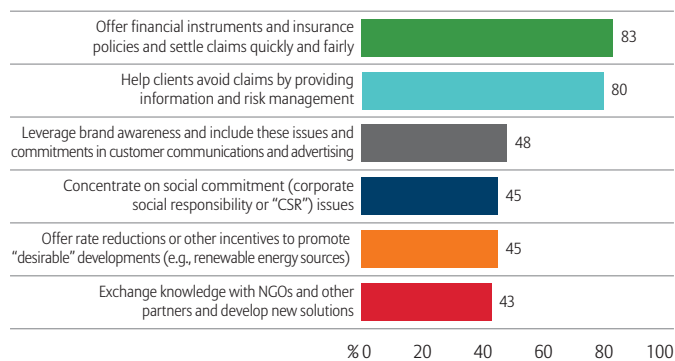
Providing innovative products and advisory services on climate change is the key priority, followed by reducing our own emissions.



How to handle issues

How should Allianz handle these issues?

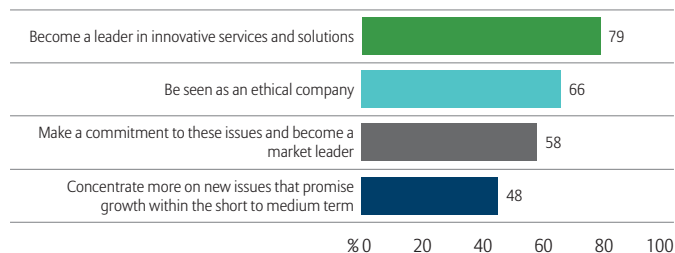
Settling claims quickly and helping clients by providing information and risk management are top priorities for our stakeholders.



Growth strategies

How should Allianz generate future growth?

Becoming a leader in innovative financial solutions and products was seen as vital to our stakeholders. However, more than two thirds felt this should be done while continuing to strive to be an ethical company.



* Full results of our survey of stakeholder expectations can be found at www.allianz.com/en/allianz_group/sustainability/our_strategy/index.html

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External benchmarks



www.allianz.com

<http://knowledge.allianz.com>

We would like to thank all of our colleagues and partners for their great support which has helped us to create the third edition of our Corporate Responsibility Magazine.



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